

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | | | | | |
|--|--|--------------|--|--|--|--------|--|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | | | Local Government Name | | County | |
| Audit Date | | Opinion Date | | Date Accountant Report Submitted to State: | | | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

| We have enclosed the following: | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | |
| Reports on individual federal financial assistance programs (program audits). | | | |
| Single Audit Reports (ASLGU). | | | |

| | | | | |
|---|--|------|-------|----------|
| Certified Public Accountant (Firm Name) | | | | |
| Street Address | | City | State | ZIP Code |
| Accountant Signature | | | Date | |

LIVINGSTON COMMUNITY
WATER AUTHORITY

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

LIVINGSTON COMMUNITY WATER AUTHORITY

WATER AUTHORITY BOARD

Mark St. Charles
William Palmer
H.E. "Bud" Prine
Cathy Doughty
Cindy Pine
Mike Bitondo
Susan Daugherty
Athena Willets

WATER AUTHORITY ATTORNEY

Neal D. Nielsen, P.C.

WATER AUTHORITY AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

May 1, 2005

Livingston Community Water Authority Board
10001 Silver Lake Road
Brighton, Michigan 48116

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the Livingston Community Water Authority as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Authority Board. Our responsibility is to express an opinion on these financial statements based on the audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Livingston Community Water Authority, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year end in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9, the Authority has implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2004.

The Management's Discussion and Analysis on pages 6 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit the information and express no opinion on it.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT
DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis December 31, 2004

Within this section of the Livingston Community Water Authority financial report, the Authority's management is providing a narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2004. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Authority's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Authority's financial statements. The financial statements include all the statements required by the Governmental Accounting Standards Board and the notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Authority's annual reports include two Authority-wide financial statements. These statements provide both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these statements is the Statement of Net Assets. This is the Authority-wide statement of position presenting information that includes all the Authority's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. Evaluation of the overall health of the Authority may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Authority's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Authority's distinct activities or functions on the revenues generated by the Authority.

The Authority's financial reporting includes all the funds of the Authority (primary government) and, additionally, organizations for which the Authority is accountable (component units). Since the Authority's sole purpose is to operate and manage a water system, only one fund is maintained. Thus, there are no fund financial statements prepared by the Authority.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Financial Analysis of the Authority as a Whole

The Authority's net assets at the end of the fiscal year were \$10,780,140. This is a \$231,161 decrease over last year's net assets of \$11,011,301. This is the first full year of financial statements prepared by the Authority. Therefore, comparative financial statements were not prepared.

The following tables provide a summary of the Authority's financial activities and changes in net assets:

Summary of Net Assets

| | <u>12/31/2004</u> |
|----------------------------|----------------------|
| Current and other assets | \$ 77,673 |
| Restricted assets | 381,931 |
| Capital assets, net | <u>10,426,867</u> |
| Total assets | <u>10,886,471</u> |
| Accounts payable | 355 |
| Due to member townships | <u>105,976</u> |
| Total liabilities | <u>106,331</u> |
| Net assets: | |
| Invested in capital assets | 10,426,867 |
| Unrestricted | <u>353,273</u> |
| Total net assets | <u>\$ 10,780,140</u> |

Summary of Changes in Net Assets

| | <u>12/31/2004</u> |
|-----------------------------|-----------------------------|
| Operating revenues | <u>\$ 37,621</u> |
| Operating expenses | |
| System operations | 281,321 |
| Administrative | <u>16,927</u> |
| Total operating expenses | <u>298,248</u> |
| Operating (loss) | (260,627) |
| Non-operating revenues, net | <u>29,466</u> |
| Change in net assets | (231,161) |
| Beginning net assets | <u>11,011,301</u> |
| Ending net assets | <u><u>\$ 10,780,140</u></u> |

The Authority incurred a large operating loss (\$231,161) due to the system being relatively new, but incurring \$261,508 of depreciation.

Capital contributions by member townships were not made in the current fiscal year.

Capital and Debt Administration

The Authority incurred \$6,528,416 of construction costs related to the completion of the water system. These construction costs were paid using the member township contributions received in the prior year.

The Authority itself does not have any long-term debt. However, the individual member townships have issued debt over the years to finance their portion of capital contributions that were required to form the Authority.

Economic Factors and Next Year's Goals

The population in the service area is expected to grow with new users being regularly added to the system. The system is relatively new, and expects major changes in its financial condition in the foreseeable future.

Contacting the Authority's Financial Management

This report is designed to provide a general overview of the Authority's financial position and comply with finance-related regulations. If you have further questions about this report or request additional information, please contact the Authority at 10001 Silver Lake Road, Brighton, Michigan 48116.

LIVINGSTON COMMUNITY WATER AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

ASSETS

CURRENT ASSETS- UNRESTRICTED

| | |
|--|------------|
| Cash | \$ 59,756 |
| Accounts receivable - water | 17,259 |
| Accounts receivable - member townships | <u>658</u> |

Total current assets- unrestricted \$ 77,673

CURRENT ASSETS (RESTRICTED)

Cash - construction 381,931

CAPITAL ASSETS

| | |
|---------------------------------|-------------------|
| Land | 298,233 |
| Well, building and distribution | <u>10,460,324</u> |
| | 10,758,557 |
| Less accumulated depreciation | <u>331,690</u> |

Net capital assets 10,426,867

Total assets 10,886,471

LIABILITIES

CURRENT LIABILITIES

| | |
|----------------------------------|----------------|
| Accounts payable | \$ 355 |
| Notes payable - member townships | <u>105,976</u> |

Total current liabilities 106,331

NET ASSETS

NET ASSETS

| | |
|----------------------------|----------------|
| Invested in capital assets | \$ 10,426,867 |
| Unrestricted | <u>353,273</u> |

Total net assets \$ 10,780,140

The accompanying notes are an integral part of these financial statements

LIVINGSTON COMMUNITY WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

| | |
|---|---------------------|
| OPERATING REVENUES | |
| Billings | \$ <u>37,621</u> |
| OPERATING EXPENSES | |
| Depreciation | 261,508 |
| Contracted labor - operators | 6,745 |
| Additional labor costs | 597 |
| Meters and supplies | 1,681 |
| Water tests | 1,340 |
| Repairs and maintenance - grounds and buildings | 3,085 |
| Repairs and maintenance - plant | 71 |
| Permit fees | 883 |
| Utilities - electric | 3,861 |
| Utilities - gas | 1,182 |
| Telephone | <u>368</u> |
| Total operating expenses | <u>281,321</u> |
| ADMINISTRATIVE EXPENSES | |
| Administrative fees/charges | 1,800 |
| Insurance | 10,597 |
| Accounting and audit fees | <u>4,530</u> |
| Total administrative expenses | <u>16,927</u> |
| Total expenses | <u>298,248</u> |
| OPERATING (LOSS) | <u>(260,627)</u> |
| OTHER INCOME (EXPENSES) | |
| Interest | 15,438 |
| Grant - wellhead protection | 15,973 |
| Wellhead protection (expenses) | <u>(1,945)</u> |
| Total other income | <u>29,466</u> |
| Change in net assets | (231,161) |
| NET ASSETS, Beginning of year | <u>11,011,301</u> |
| NET ASSETS, End of year | <u>\$10,780,140</u> |

The accompanying notes are an integral part of these financial statements

LIVINGSTON COMMUNITY WATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

CASH FLOWS FROM (USED-IN) OPERATING ACTIVITIES

| | |
|------------------------------------|-----------------|
| Receipts from customers | \$ 38,198 |
| Payments to vendors | <u>(30,791)</u> |
| Net cash from operating activities | 7,407 |

CASH FLOWS FROM (USED-IN) CAPITAL AND RELATED
FINANCING ACTIVITIES

| | |
|--|--------------------|
| Interest on reserved funds | \$ 15,030 |
| Acquisition of property, plant and equipment | <u>(6,528,416)</u> |
| Net cash (used in) capital and related financing activities | (6,513,386) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-----------------------------|-------------|
| Interest on operating funds | <u>408</u> |
| (Decrease) in cash | (6,505,571) |

CASH AT JANUARY 1, 2004 6,947,258

CASH AT DECEMBER 31, 2004 \$ 441,687

RECONCILIATION OF OPERATING (LOSS)
TO NET CASH FROM (USED-IN) OPERATING ACTIVITIES

| | | |
|--|--------------|------------------------|
| Operating (loss) | | (262,572) |
| Adjustments to reconcile operating income to net cash from (used in) operating activities | | |
| Grant-wellhead protection | 15,973 | |
| Depreciation | 261,508 | |
| Changes in assets and liabilities | | |
| Increase in accounts receivable - water billings/miscellaneous | (15,396) | |
| Decrease in accounts receivable – member townships | 4,384 | |
| Increase in accounts payable | 355 | |
| Increase due to member townships | <u>3,155</u> | |
| Total adjustments | | <u>269,979</u> |
| Net cash from operating activities | | <u><u>\$ 7,407</u></u> |

The accompanying notes are an integral part of these financial statements

NOTES
TO
FINANCIAL
STATEMENTS

LIVINGSTON COMMUNITY WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity - The Livingston Community Water Authority was established on June 23, 2000, under Act No. 233, Public Acts of Michigan, 1955 as amended. The purpose of this Authority is to acquire, own, improve, enlarge, extend, operate, maintain, manage and administer water supply systems.

The financing of the water system has taken place at the township level. The related debt service funds are maintained in the financial statements of the three member townships.

The incorporating municipalities creating the Authority are Green Oak Township, Hamburg Township, and the Charter Township of Brighton, all in the County of Livingston. The Authority board is composed of two members from each of the incorporating municipalities who are voting members. The secretary and treasurer are non-voting members and are appointed by the six voting members.

The Authority purchased from an individual an existing well house, pumps, land and a distribution system in one subdivision with approximately 20 customers hooked to the water system in January 2003. The Authority is currently expanding the water system with monies contributed by each member Township. The current expansion will cover customers in Green Oak Township only.

Based on the criteria established by Government Accounting Standards Board (GASB) Statement Number 39, all funds, activities and agencies are included in the Authority's reporting entity.

Enterprise Funds - Enterprise funds are proprietary funds used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis Of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

LIVINGSTON COMMUNITY WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES (continued)**

A. SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an Enterprise Fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net assets, revenues, and expenses. Enterprise funds account for activities:

1. that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or
2. that are required by laws or regulations that the activity's costs of providing service, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar reviews; or
3. that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

B. MEASUREMENT FOCUS

The financial activities of the Authority are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with its operations are included on the statement of net assets; revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

C. CASH AND CASH EQUIVALENTS

The Authority considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

D. CAPITAL ASSETS

Capital assets are stated at cost. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the related assets, which range from 5 to 40 years for equipment and 5 to 40 years for buildings, structures, and improvements.

E. CONSTRUCTION-IN-PROGRESS

The costs of acquisition and construction of major plant and equipment is recorded as construction-in-progress. As facilities are accepted by the Authority and become operative, they are transferred to the facilities and improvements or machinery and equipment accounts and depreciated in accordance with the Authority's depreciation policies. Costs of construction projects that are discontinued are recorded as expense in the year in which the decision is made to discontinue such projects.

LIVINGSTON COMMUNITY WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES (continued)**

F. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

G. PREMIUM, AND ISSUANCE COSTS

Bond discount, premium, and issuance costs are amortized over the term of the related bonds. No such bond discount/premiums or issuance costs were outstanding or issued during the year ended December 31, 2004.

H. INCOME TAXES

As a governmental agency, the Authority is exempt from both federal income taxes and Michigan Single Business Tax.

I. INVENTORY

The Authority values inventory at cost. The Authority had no inventory during the year ended December 31, 2004.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Authority's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Authority's deposits are as follows:

| <u>Deposits</u> | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--------------------------------|----------------------------|-------------------------|
| Insured (FDIC) | \$ 100,000 | \$ 100,000 |
| Uninsured and uncollateralized | <u>341,687</u> | <u>363,883</u> |
| Total deposits | <u>\$ 441,687</u> | <u>\$ 463,883</u> |

LIVINGSTON COMMUNITY WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consist of regular quarterly billings and penalties. Each year, accounts receivable that are over 90 days old will be placed on the tax roll for the applicable township. As of December 31, 2004 there was \$17,259 of outstanding receivables due to the Authority. No amounts were over 90 days old.

NOTE 4 – CAPITAL ASSETS

| | <u>Inception 1-1-04</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12-31-04</u> |
|------------------------------------|-----------------------------|---------------------|---------------------|-----------------------------|
| Well, building and distribution | \$ 2,807,265 | \$ 7,653,059 | \$ | \$ 10,460,324 |
| Land | <u>298,233</u> | <u></u> | <u></u> | <u>298,233</u> |
| Total | <u>\$ 3,105,498</u> | <u>\$ 7,653,059</u> | <u>\$</u> | <u>\$ 10,758,557</u> |
| Accumulated depreciation | <u>\$ 70,182</u> | <u>\$ 261,508</u> | <u>\$</u> | <u>\$ 331,690</u> |
| Construction in Progress | <u>\$ 1,124,643</u> | <u>\$ 6,528,416</u> | <u>\$ 7,653,059</u> | <u>\$</u> |

Depreciation expense related to the portion of property, plant and equipment is recorded as a current expense in these financial statements. The member townships have paid the Authority their respective portion of costs related to the construction of the water system. These payments to the Authority are recorded as revenues by the Authority in the year they are received.

Depreciation is recorded on the straight-line basis over the estimated useful life of the asset which is 40 years.

LIVINGSTON COMMUNITY WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - STATEMENT OF CASH FLOWS

Pursuant to Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year.

Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to present cash flows from operations. The following is a summary of beginning and ending cash and cash equivalents:

| | <u>12-31-03</u> | <u>12-31-04</u> |
|---------------------|---------------------|-------------------|
| Current assets | | |
| Cash | \$ 50,982 | \$ 59,756 |
| Restricted assets | | |
| Cash - construction | <u>6,896,276</u> | <u>381,931</u> |
| Total cash | <u>\$ 6,947,258</u> | <u>\$ 441,687</u> |

NOTE 6 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority.

LIVINGSTON COMMUNITY WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 8 - SEGMENT INFORMATION

Selected financial information is as follows:

| | |
|----------------------|------------|
| Operating revenue | \$ 37,621 |
| Depreciation | 261,508 |
| Total assets | 10,886,471 |
| Total net assets | 10,780,140 |
| Change in net assets | (231,161) |

NOTE 9 - IMPLEMENTATION OF GASB STATEMENT NO. 34

The Authority has implemented the standards required by GASB Statement No. 34, for the year ended December 31, 2004. All required statements and disclosures have been included in the financial statements.